

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6489**

**BILL NUMBER:** SB 476

**NOTE PREPARED:** Dec 21, 2010

**BILL AMENDED:**

**SUBJECT:** Property Tax Assessment Increases.

**FIRST AUTHOR:** Sen. Eckerty

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill limits the annual increase in the gross assessed value of real property to the lesser of 3% or the percentage change in the Consumer Price Index for all Urban Consumers (CPI). The bill provides that the limit does not apply if: (1) the ownership of the property changes; or (2) the increase results from a factor that would have increased the assessed value even if neither an annual assessment adjustment nor a general assessment applied.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Beginning with taxes payable in 2013, this bill would limit real property assessed value (AV) increases due to reassessment or annual adjustments to the lesser of the change in CPI or 3%.

The actual change in AV varies by location and property type. Except for farmland, the statewide average change in real property AV is currently estimated at about 3.6% for taxes payable in 2013 and 3.5% for 2014. The change in farmland AV is currently estimated at 8.0% for taxes payable in 2013 and 0% for 2014.

Statewide, net property taxes would be lower under this bill than under current law for most real property

types. The lower assessed values would cause tax rates to rise by an estimated \$0.0451 in CY 2013 and \$0.0723 in CY 2014. The AV growth caps would cause a reduction in real property TIF proceeds, but the tax rate increases would increase personal property TIF dollars. Results would vary by TIF district. Circuit breaker credits would increase each year. The table below contains estimates of tax and circuit breaker changes under the bill.

<b>Estimated Net Property Tax and Circuit Breaker Changes</b>				
<b>Net Tax by Property Type</b>	<b>2013</b>		<b>2014</b>	
Homesteads	-18.2 M	-0.9%	-39.6 M	-1.9%
Farmland	-10.5 M	-3.4%	-2.3M	-0.8%
Other Residential	-5.9 M	-0.8%	-12.3 M	-1.6%
Commercial Apartments	-2.6 M	-1.0%	-5.1 M	-2.0%
Ag_Business (Ex. Farmland)	+0.8 M	+0.7%	+0.2 M	+0.2%
Other Real Property	-7.0 M	-0.4%	-13.9 M	-0.7%
Personal Property	+13.7 M	+1.5%	+23.2 M	+2.6%
<b>TIF Proceeds</b>	-1.0 M	-0.2%	-1.9 M	-0.4 %
<b>Circuit Breakers</b>	+31.7 M	+6.1 %	+52.5 M	+10.6 %

**State Agencies Affected:**

**Local Agencies Affected:** County and township assessors; Local civil taxing units and school corporations.

**Information Sources:** *Consumer Price Index, All Urban* historic series and forecast series, Global Insight; OFMA Property Tax Databases.

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